

# **From Socialist Dream to Urban Regeneration: The story of the housing co-operative movement in New York City, USA.**

By James Mac Donald

## **Introduction**

Housing co-operatives were founded in New York City (NYC) as early as 1916, but the low-income co-operative model particularly, experienced two periods of substantial growth and development. These took place during the urban housing crises in NYC, the first, in the 1920's and 50 years later, in the 1970's. Although low-income housing co-ops during both periods based their goals around the provision of quality housing for low-income groups, owned and managed by its tenants on a co-operative basis, their circumstance, ideology and methodology vary. Both models survive today and provide insight into the problems, successes and future of the housing co-operative movement.

## **Types of Co-operatives in New York City (NYC):**

Housing co-operatives in the US are mostly based in NYC and overall account for 1% of the national housing stock. Three types of housing co-operative models exist, their main difference lies in the financial structure that underpins the corporation.

**Market-value Co-operative:** Market-value co-operatives are run on a non-profit basis, but the apartments or "shares" are sold at the market-value price, tenants allowed to maximise their investments and co-ops are even built speculatively. The practice started in the 1920's and has since been used by landlords to avoid taxes, rent controls and maintain exclusivity.

**Limited Equity Co-operatives:** In this model, sellers of "shares" in the co-operative cannot take more than a certain percentage of the resale price (normally around 15%). This model is favored by organisations like Urban Homesteading Assistance Board in setting up low-income co-operatives, in order to prevent "free-of-mortgage" buildings being sold for profit on the open market.

**Limited Dividend Co-operative:** The co-operative cannot make too big a profit (around 6% of income). The Amalgamated decided on this financial model, in order to take advantage of the 1926 State Housing Law. This authorized the formation of limited dividend companies, though heavily scrutinised by the Board of Housing, they were exempted from paying realty taxes for 20 years on any new building works.

## **History of the Co-operative Movements**

### **Period 1: The 1920's**

The two factors that spurred the formation of low-income housing co-ops in the 20's were the power and idealism of the trade union movement and the post-World War I housing shortage in NYC.

The trade union movement was coming into its own, gaining support and securing better conditions for workers. Michael Gold of the Nation described it thus: "...the sweatshop...has become the source of the finest labour movement in America. Their revolution has taught them to be their own saviours." [8]. Tragedies like the 1911 Triangle Shirtwaist fire, which killed 146 young immigrant workers, highlighted the dangers many working in the textile industry faced. Events like these built a broader consciousness that resulted in trade unions such as the Amalgamated Clothing Workers' Union and the International Ladies Garment Workers Union becoming powerful organisations representing the large number of Jewish and Italian immigrant workers in the New York textile industry. This was a watershed for American labour rights, with the introduction of the 8 hour working day, unemployment insurance, social security and health and fire regulations to improve working conditions.

With the end of World War 1 and a return of many thousands of soldiers, a growing immigrant population, a cost-conscious mayor cutting back building inspections and a war-frozen and badly maintained housing stock, the poor were at the mercy of unscrupulous landlords. Landlords were able to increase rents at will, evict tenants without due cause, stopped heating buildings to cut the cost of fuel and took part in speculative enterprises (eg subletting blocks to local businessmen

who increased rents and cut services to make a profit). "Moving Days" became monthly occurrences in the city, where streets were packed with evicted tenants moving to their new habitations. This led to unrest amongst tenants who protested using rent strikes and eventually organised into tenant groups. The City of NY eventually realised that it needed to do something and in 1926 passed the State Housing Act, which gave tax exemptions on new buildings, leading to a surge in construction. Even before this legislation, Jewish labour and religious housing co-op groups had formed to provide their own solutions.

One of the first groups was the United Workers Co-op (UWC) formed in 1913, whose ideology moved from Jewish to hard-line Communist, initiated their first housing co-op in the Lower East side of NYC. As they grew in size and support, they decided to build 3 large complexes with a total of 740 apartments in the still undeveloped North Bronx. This became the Workers Coop Colony (known as the Coops), which they financed through sponsor labor organisations and sympathisers. The initial stock cost \$375 per room and the monthly rent \$12 per room. Their system of recruiting new tenants took many forms, from word-of-mouth to setting up tables on street corners. The Coops were managed by an elected group, chosen for strong political motivations and administrative skills. The simple brick buildings were built around star-shaped garden courtyards, with criss-crossing paths and carvings above entrances (I saw a doorway decorated with a compass and globe; apparently some had a hammer and sickle above the door). The courtyards were the meeting place for the highly politicized members of this community, who were very active in the labour and human rights causes of the period. They based their principles on "cooperative and communal -rather than individualistic- effort.....activist, not passive principles...." [8].

The largest of these groups was the Amalgamated Housing Co-operative (AHC). The idea was sprung when a group from the Amalgamated Clothing Workers' Union was meeting to discuss its housing shortage: "From their discussions, they concluded that perhaps thirty....people jointly could put together that much money [for a large building] and become their own landlord." [4]. Backed by the Amalgamated Clothing Workers Union (ACWU), Jewish Daily Forward and the Amalgamated Bank, the group was able to secure the finance required to build their first 303 apartments in the North Bronx. Taking advantage of the State Housing Act of 1926, the stocks were set at \$500 per room (which made up one-third of the finance needed) and a monthly carrying charge (rent) of \$11 per room. The buildings were governed by an outside Board of Directors, and reporting to them a House Committee made up of co-operators, both these groups elected by the shareholders. From its acknowledged success as a provider of low-cost housing, the AHC went on to build further extensions to the Bronx development and took part in a slum clearance and new co-operative development in the Lower East Side. The initial buildings in the Bronx were "Tudor", geometric and undecorated multi-storey blocks set around inward-looking courtyards, designed by architect George Springsteen. The 1 bedroom apartment I was shown had a medium sized kitchen with its original fixtures still intact, living room, bathroom and bedroom, all with wooden flooring, radiators and good natural light, luxury even by today's standards. The doors from the apartments look onto a central landing with mosaic flooring with stairs leading down to the main entrance.

Co-ops offered a 25% saving on the open market. Indirect savings were made by subsequent community enterprises like co-operative provision stores, day care centres and education facilities, meaning both parents were able to work. The AHC and WCC offered affordable summer camps to its members, a luxury beyond most in their financial position. The member financed AHC consumer co-operative was able to provide a bus service for school children, milk delivery, a credit union and deisel generated electrical supply, providing its members with cheaper essential services. The co-operatives had libraries stocked with political and cultural texts essential for "ideological development of each community" [1]. They created workshop space to encourage artists to join and built in community spaces for cultural events and meetings. Groups within the co-operatives organised activities and services "run by interested co-operators on a self-sustaining basis" [4].

However, the Great Depression struck before the co-ops had reached economic maturity. The co-ops had not given enough thought to their financial setup and with more members losing their jobs, it became harder for them to keep up mortgage payments. Attempts to increase rents to stabilise finances was voted out by the shareholders of the WCC, and furthermore they were reluctant to evict those unable to pay rent. WCC had set its buy-in-fees too low, had an inflexibly large mortgage and not being a limited dividend co-op, did not qualify for tax abatements. So in 1945, despite the Coop's strong management, the WCC went into receivership, the buildings sold to a private landlord, and have been rental apartments ever since.

AHC was able to survive the depression through a variety of methods: it enforced evictions for unnecessary non-payment, reduced operating expenses, let out apartments via temporary co-operative membership, had a good relationship with its mortgage funder and was backed by the financially-strong ACWU. Today the Amalgamated is still going strong, with 14082 shareholders in buildings ranging from its 1928 structures to its 2 latest centrally cooled tower-blocks built in 1968, all on its 1/2 mile top-to-bottom piece of land next to Van Cortlandt Park.

With the end of the Depression and the start of McCarthyism in the US, the new generation moved away from the "communist" links of the co-operatives. World War II and the promise of 1950's prosperity changed the cultural and political landscape. The idea of housing co-operatives would not be so radically utilised again until the Urban Housing Crisis of 1970-1984.

### **Period 2: The 1970's**

In the early 1970's, a housing crisis was beginning to take shape in NYC. A policy of rent stabilisation implemented by the city, setting limits on how much landlords could let apartments for, decreased profits for landlords. This move, compounded with 1960's tenant rent strikes, sparked a wave of abandonments, building deterioration, enforced evictions of long-term residents and widespread arson (to claim insurance) by landlords with buildings in poorer neighbourhoods such as Harlem, the South Bronx and the Lower East Side.

Abandoned buildings went through a similar series of breakdowns: first saw the end of manned services (ie maintenance workers and superintendents), then elevators broke, there was no oil for heating, roofs began to leak and eventually, vandals would strip empty apartments of wiring, plumbing, etc. The effect was that many neighbourhoods were left scarred by abandoned and burnt-out buildings, magnets for drugs, prostitution and crime. Homelessness and house prices increased. The city's response was to fence off the abandoned lots with cyclone fencing, damage and demolish buildings to stop illegal occupancy and cut services. This began a wave of activism, born out of a necessity to improve the quality of life in poorer neighbourhoods. The Green Guerillas built gardens on abandoned and burnt-out plots, squatters broke in and settled vacant, yet sound, buildings in the Upper West Side and tenants started seizing and running their abandoned buildings.

From this backdrop rose the new housing co-operative movement. Several activist professionals suggested, a solution to the problem of abandonment was to cede abandoned buildings to their tenants, creating low-income co-operatives. The first such conversion was initiated by a Harlem church in 1963 and subsequent conversions included city involvement and assistance. The Office of Special Improvements, headed by lawyer Robert Shur, helped tenant-run abandoned buildings access city and federal loans to purchase and provide moderate repairs to their buildings.

Convent Avenue in Harlem is an example of a conversion from abandoned building to a tenant co-op. Tenants first organised rent strikes against deteriorating services, aided by an experienced and professional tenant organiser. Seven of the tenants started to pool their rents, buying oil for heating and doing emergency repairs with it. Soon they were joined by more of the tenants. They cleared the basement of the building for a community space and used it for social events and meetings. Those with administrative skills helped seniors access welfare and food stamps. A "beautification club" was organised to paint and clean the building. Over time, they organised conversion to a low-income co-operative with the help of community organisations and were able

to access the Municipal Loan Scheme to pay for a new boiler and windows.

Leavitt's interviews and studies done on co-operative conversions during this period provides human insight into the process. Mostly elderly and black tenants, too poor and rooted to move to the suburbs, decide to stay and fight for possession of their cheaper, roomier apartments. Success of co-operative management in abandoned buildings was reliant largely on tenant interaction before co-op conversion. Mutual aid was a survival tool in these blocks, from sickness collections to borrowing provisions; this foundation led to better communication, organisational cohesion and understanding of the co-operative principle, increasing the likelihood of survival. In cases where tenants of buildings had little previous contact and were made up of the financially, socially or physically disadvantaged, service agencies were essential to the conversion to co-operative. These agencies dealt with city departments, obtained rehabilitation funding and provided leadership and training to build a foundation for future independence.

The next strategy was for would-be tenants to take over and repair totally abandoned buildings. The first examples of this were undertaken by Father Fox in Harlem in 1969. This process of using one's labor as a form of equity by the financially poor was coined "sweat equity" and was used as leverage to obtain match funding and aid from the city. The idea inspired street gangs, welfare mothers, black and Puerto Rican members of these communities to start working on abandoned properties. Local organisations were formed by those involved to help manage these projects, provide technical assistance and obtaining money for materials and skills training from city loan schemes.

However, the initial success started to meet with obstacles. Inflexible city bureaucracy, new restrictions after private landlords stole from the Municipal Loan Scheme and the 1975 New York fiscal crisis caused funding for the program to crash. "Of the 286 formed or would-be co-ops in 1973, only 48 eventually converted"[5]. Internally, the co-op movement was also experiencing difficulties. Conflict between "sweaters", between tenants and contractors led to delays in rehabilitation, meaning that some apartments could not yet be let, even though debt payments were falling due. These factors began to sap the morale of the tenants. Nonetheless Schur and Urban Homesteading Assistance Board (UHAB), a technical assistance group, continued to provide assistance to homesteaders.

In 1978, a new city law allowed properties which were one year behind on payment city taxes to be foreclosed for tax arrears (in rem), a measure to curb deterioration of abandoned buildings. Suddenly the city was the owner of a massive number of empty and tenanted buildings. This put a huge burden on them, paying the buildings' taxes, maintenance and insurance. The city came round to the idea of selling properties to its tenants and set up the Department of Housing Preservation and Development (HPD), which went on to create the Tenant Interim Lease (TIL) program. Under the TIL program, organised tenants would run their own buildings while the city undertook moderate repairs; ultimately the tenants would purchase the building for \$250 per unit and form a low-income co-op. The program grew fast and proved efficient, collecting 85% in rents compared to the average of less than 50% of in rem properties. With the election of Mayor Koch in 1979, the city took a new tack, auctioning off city property on the open market and putting pressure on HPD programs to complete sales to tenants, thus ending a period of prioritised low-income housing solutions. The TIL program made its first 5 sales to tenants in 1980 and by 1984, 115 buildings had been sold.

The initial enthusiasm and inspiration of the movement began to fade into the 1980's. A study interviewed the members of the first 46 low-income co-operatives, fifteen years after their conversion. 73 to 7 stated they preferred living in a co-operative, 70 to 17 believed it was a success. On the down side, 41% of co-operatives are in or have had tax problems, due to low financial reserves, a lack of financial skill and the need to make major repairs to their buildings.

#### **Interviews:**

These were held between October and November 2003. Interviews were held with Ed Yaker and

Doris Spencer from the Amalgamated Housing Co-operative and Oscar McDonald from UHAB, a training and technical assistance organisation created in 1973.

### **Amalgamated Housing Co-operative based near Van Cortlandt Park, North Bronx**

with:

**Ed Yaker** (President and Chairman of the Board of Directors), was himself born and spent his whole life living on the co-operative.

**Dorris Spencer** (Education Director), joined the co-operative in 1986 as a parent, taking an administration job in the co-op and eventually rising to her current post.

### **Management Structure**

Decisions are made by the Board of Directors (BoD), made up of 12 shareholder-elected board members, with a 13th member provided by the Department of Housing. The BoD hires a manager who overlooks its 100 paid staff; they provide services which include, maintenance, security, finance, education, apartment allocations and looking after the high pressure heating plant. Elections take place on an annual basis. Candidates are nominated with 25 shareholder signatures, two booklets are published with their manifestos and a meeting is held for them to speak and take questions. At the election, 4 directors are also chosen, who will serve a 3 year term, providing a degree of stability to the BoD. From the successful candidates, the BoD votes in its officers (President, Vice-President, Treasurer and Secretary). All positions are done on a voluntary non-paid basis.

BoD meetings are held once a month. Various committees, made up predominantly of board members, report to the BoD with any suggestions.

A variety of activities are organised by shareholders, who form into co-operatives within the broader housing co-operative, and are monitored and aided by the Education department. Services include a playgroup, nursery, day care center, fitness club, photography facilities, ceramics studio, knitting group and a NORC (Naturally Occurring Retirement Community) facility, which provides health services and activities for the elderly shareholders.

### **Entrance:**

People apply to the co-op by filling in an application form, paying an application fee and are then added to the waiting list. Closer to acceptance, a sub-contractor is paid to do a background and credit check, home visit and assessment of the applicant, which is presented to the BoD. The share per room costs \$3000, and the carrying charge (monthly rent) is set at \$160 per room. When shares are sold the value is worked out to the share of the value of the property, meaning a share can accrue value.

Before being handed the keys to their apartment, the new shareholder must go through an Orientation. This covers the history of the co-operative, its guiding principles and management structure and general orientation. They are given a pack, which includes all policy, procedure and the 75th Anniversary Handbook covering the history of and articles about the co-op.

Shareholders are kept informed about co-op matters through weekly bulletins, a quarterly community newsletter and annual stockholders report, all printed in-house.

Turnover is very low, approximately 100 apartments a year; main reasons for departure include young families moving to the suburbs and the elderly moving to care homes.

### **Special Events:**

**"International Night"**: Co-operators cook their national dishes and bring them to share at an "inter-generational" social event. Co-op members provide the music and decor for the event, which is very popular, a catalyst for meeting fellow co-operators and encouraging involvement. It was initiated when the co-operative started to go through a population transition, from "99% Jewish" to a "melting pot" of cultures; an International Committee was set up and suggested holding such a get-together. Doris, "as an African-American", believes the event helped arrive at this point of racial tolerance "comfortably".

**"Co-operators Brunch"**: This event is held twice yearly as an opportunity for new co-operators to meet the BoD and organisers from the various clubs and activities. This meeting of veterans

and new members is held over a brunch, providing a congenial, informal meeting, where new members can be encouraged to take part in and find out about the organisation.

**Classes:** Various free classes are held at the co-op, ranging from pilates and yoga to art classes. Lectures from organisations like the Fire Department and Police are common. The Education Department seeks instructors from the shareholders or outside organisations, and advertises dates and venues.

#### **Challenges:**

##### **"We are too good a deal"**

When the co-operatives were unstable in the initial years, "you had to have a commitment to the community to come here [to the co-operative]"; now the investment is considered a bargain. With new members moving in with purely financial motives, it is a lot harder to develop the community and voluntary aspect of participation. Bound by the Fair Housing Laws and the Commission of Housing and Community Renewal (CHCR), new shareholders can only be chosen by chronological waiting list and income eligibility. This inability to choose experienced and proven co-operators "hurts us", claims Ed Yaker.

#### **Participation**

Participation is not as high as desired; 50% of shareholders voting in elections, is a good percentage, even though they can vote by postal ballot. Ed believes this is due to the "TV in your room, car to take you out of the community" lives that most people live. He recognises that many people lead busy lives, the labour and union activism is long gone and lives are not so centred on the community as they once were.

#### **Independence**

Commission of Housing and Community Renewal (CHCR), a legacy from the 1926 State Housing Act, has a vote on the BoD. It must be consulted on rent increases and ensures the co-operatives proceedings follow its rules (eg income limits followed on applications, occupancy standards). In return the co-operative is given tax breaks, initially it was a property rebate but now it gets a sales tax rebates. Ed states that the initial state supervision was helpful; however, at times the CHCR partakes in micromanagement and is overbearing, but currently has taken the role of observer. In order to break with the state, the AHC would need a 3/4 shareholder vote to reincorporate into a market-value or limited equity co-operative; Ed states that this would be "a lot of work to do", considering the low participation.

#### **Working Outside:**

AHC is part of the Co-ordinating Council of Co-operatives which was started in the 1960's and is a monthly talk-shop, where co-operatives throughout the NYC area come together to discuss a "focus-topic" and share information and ideas.

They see their website as a tool to distribute information to the outside world about the Amalgamated ("To let the rest of the world know we are here"). However, neither believe that it could be used as a communication tool to and between shareholders.

#### **Urban Homesteading Assistance Board training center in Harlem.**

with:

**Oscar McDonald** (Director of Program Area of Manhattan Training Center)

#### **UHAB and its Aims**

UHAB was created in 1973, by a group of young architects and tenant activists working in Harlem, to help and encourage homesteaders in the area. Now, UHAB is a non-profit training and technical assistance organisation which is contracted by the Housing Preservation and Development (HPD) to run the TIL program. UHAB trains would-be co-op tenants in all aspects of co-ops (eg legalities, maintenance, bookkeeping) before the building is handed over to them.

While in training, the city gives the building a "gut rehab", which replaces all major systems (electric, plumbing, heating, front door and roof).

The center trains co-operators 4 nights a week, teaching in English and Spanish and classes are free. Classes include financial management, hiring and firing contractors and specialists, and maintenance. Their aim is to impart the message of self-help and financial empowerment, teaching real skills to people from disadvantaged backgrounds; teaching the responsibility of ownership "to those that have never owned anything".

The center is also a walk-in advice center, within walking distance of 1000 of its co-ops. There is a staff of 4 highly trained "program associates" who offer technical assistance and advice. They do site visits, provide conflict resolution services and sometimes sit-in on general meetings.

Oscar claims that the center is "client driven" when it comes to the services they provide.

### **Management Structure of the Co-ops**

When the building graduates from the TIL program, the building is transferred to the tenants "free-of-mortgage", each co-operator buys their unit/ share for \$250. The co-op is handed over with a set of documents. First is the Certificate of Corporation which stipulates corporate by-laws (eg frequency of meetings, annual elections) and aim to run as a low-income co-op. Second is the Proprietary Lease, which includes the right to live in the co-op in perpetuity (99 years) and stipulates Resales Restrictions.

At the Annual Election, the shareholders are given a financial report and the Board of Directors (BoD) is elected. The BoD is elected by the shareholders from the shareholders. The Board is solely made up of a President, Vice-President, Secretary and Treasurer. Oscar says that UHAB encourages the co-ops to change their BoD every year.

BoD takes a management fee, which is regulated to 8% of the rents collected. Oscar says that the fee is so small that it does not cause resentment amongst other shareholders.

Various committees (eg Maintenance) are made up of both board members and shareholders, reporting directly to the BoD. Some co-ops hire a management company for day to day running and many hire specialists (eg lawyers, bookkeepers), both supervised by the Board.

### **Entrance**

If a co-operator wishes to leave and sell their share, they must first offer it to the co-operative for "Right of First Refusal". The co-operative decides on a "per room" value which is offered to the shareholder. If they feel the offered price unsatisfactory, they can find their own purchaser. They must present the purchaser to the BoD for a credit check, income eligibility, etc. The purchaser can be refused by the BoD for regular legal reasons (eg size of family, income).

Shares can be sold for a limited profit. The resale formulae is created by the BoD on the co-operative's inception, which will look something like this: Original Purchase Price (eg \$250) + "per room" price (eg \$5000) = Resale Price (\$5250). The Original Purchasing Price is returned to the shareholder and the "per room" price is subject to Resale Restrictions in the Lease. The Resale Restrictions are in place for the first 25 years. For the first 10 years, when shareholders sell their shares, they receive 15% of the profits and the co-operative 85%. For the remaining 15 years, shareholder receives 30%, the co-op 70%.

The new tenant can either get a loan to cover the Resale Price or pay a deposit to the co-operative and pay the rest off monthly. Oscar gave a comparison between a typical Harlem rent and a co-op's Maintenance Fee (rent). A 2-bedroom apartment starts at \$1200 to \$2000 per month on the open market while the same co-op apartment is approximately \$500 per month.

Tenant turnover is small. Most of those moving out are recent graduates, moving to better accommodation.

### **Challenges**

#### **Taxes**

The biggest threat to the low income co-ops, according to Oscar, is foreclosure from unpaid taxes. 30% - 40% of co-op are in tax arrears, having fallen behind in their payments. The co-ops from the 70's and 80's only had moderate repairs done, and now many need major systems overhauled, thereby tying up much of their financial resources. Meanwhile the co-ops from the mid-90's to present all get "gut rehabs", so they are able to concentrate on their tax payments. UHAB

has worked with the city and come to a regulatory agreement, where some taxes are forgiven and a loan is taken out by the co-op to pay the rest.

### **Educating**

UHAB tries to impart the idea of a co-op as "running a small business", getting people to move away from the "landlord-tenant mentality" and into the "owner mentality". It is very difficult teaching this to people who have never owned before and always part of the "dispossessed", coming from the poor and racial minorities trapped in the ghettos of NYC. Oscar quotes a limited level of education and learning ability, a lower concentration span and many there under duress, as hurdles that make training for him and his staff difficult.

### **Co-op Management**

Sometimes problems arise with the BoD of a co-operative. Most common are personality conflicts between Board members, Boards failing to hold annual elections or power-hungry "dictators". UHAB assists with these situations by aiding shareholders to call elections and demand annual financial reports. In cases of eviction for non-payment, it encourages Boards not to show favoritism but apply its rules without prejudice.

### **Genetrification**

With Harlem becoming "hot" on the property market in NYC, there is now a limited threat coming from developers offering large sums for property. With apartments going for \$200,000, it can be very hard for economically disadvantaged shareholders to resist selling. This is especially true of co-operatives who have outlived their Resale Restrictions. While this threat has effected few of the co-ops, UHAB helps to rewrite Resale Restrictions once they run out and discourages selling for profit.

### **HDP**

As with any contractor, UHAB must report to HPD, holding meetings with them to discuss priority buildings, hand in visitation and building reports and billing requirements. Both organisations have their priorities and a balance has to be struck between the city's desire to sell off the building and thereby stop paying its taxes, insurance and maintenance, and UHAB's is to have the tenants trained to as high a standard as possible, thereby ensuring their long-term viability.

### **Working Outside:**

UHAB works with and provides training for more localised neighbourhood groups such as the 116th Block Association, TIL Coalition and GOLES (Good Old Lower East Side), however Oscar understands that these groups do not have the level of technical knowledge that UHAB has, but believes that they are helpful, "part of the solution".

## **CONCLUSION**

The periods that these two organisations were formed, the housing co-operative movement was part of a broader political and economic response to exploitative commercial activity and weak, unresponsive government. Visionary grassroots groups evolved and decided to take control of their own welfare and provide for their collective needs.

An exploitative, unhealthy and dangerous textile industry and unscrupulous, profit-driven landlords made the quality of life for the average NY worker exceedingly poor. In the early 1900's, poor immigrants came together to fight for better working conditions and more control over their lives. This was the beginning of the trade unions, when workers saw that united they could improve their working conditions, and credit unions, where people started to realise that they could "be their own bankers" [4]. The housing co-operative movement was part of this new realisation; it existed symbiotically with trade unions, who helped provide finance and in return co-ops helped house unionised workers cheaply.



In the 1970's NY, there was urban decay, a cash strapped city, rising crime, financial instability, high unemployment. Here a widespread movement began to provide its own solutions as the city was neither able nor inclined. The Green Guerillas created green public spaces from vacant lots, squatters, homesteaders and "sweaters" proved that people could create their own housing solutions. It inspired the financially disadvantaged to take their future into their own hands and stop depending on the government. The housing co-operative movement was born out of an economic need and a desire for social justice, in response to abandonment. It was intrinsically linked to the community activism of the time, "[illegal] gardens grew in tandem with the burgeoning homesteading movement"[6] and the belief in urban self-sufficiency

The euphoria faded, activist groups dismantled and a wealth of experience was left behind. The contribution of both periods to the collective knowledge of housing co-operatives, what works and what doesn't, is invaluable. The AHC and UHAB are two examples of organisations that have continued to function, providing continued service to its members and a constant reminder of the achievement of co-operation so far.

The 1920's experience has shown us how far co-operatives can go, achieving self-sufficient communities who provided provisions, libraries, transport, electricity and a rich cultural life for themselves through co-operative enterprise. Weathering a Depression has taught us how intrinsically linked we are to the broader economy, what financial mistakes were made and what successful measures were taken. We now have the AHC, a financially sound housing co-operative, with a well documented history as a resource to others.

The 1970's experience took the benefits of co-operation to the new under-class; racial minorities and the poor in the inner city neighbourhoods. It introduced the idea of community assistance, technical and training agencies to help would-be co-ops and which Leavitt believes were indispensable in the setting up of the initial and subsequent housing co-operatives. The trials faced by these still young co-operatives is still adding to our knowledge.

Applying the 7 Co-operative Principles to their current organisations and procedures, we are able to judge how well they follow the guiding principles of co-operation.

Applying Concern for Community, Voluntary and Open Membership and Member Economic Participation, both organisations fall within the criteria in ensuring an annual financial report is presented to shareholders, fair selective criteria are followed and the co-ops support outside community activities.

With Education, Training and Information, both organisations promote this principle actively. UHAB provides free and accessible classes and encourages the Boards of its co-ops to be open and informative. As Oscar put it: "As long as shareholders have all the information they want, then usually there isn't a problem." The AHC has a dedicated Education Department and print room, which initiates classes, distributes information and provides orientation to all new co-operators.

With Democratic Member Control, while both organisations fall within the boundaries by providing for a democratic BoD and annual election. However the AHC's Board-only Committees, little representation per unit and low voter turnout, perhaps point to a need to review their democratic process.

Regarding Autonomy and Independence, the AHC's scrutiny by and answering to the DCHC has proved at times to be restrictive to its "co-operative autonomy".

AHC is part of the CCC, national and international co-operative bodies amply fulfilling Co-operation among Co-operatives. However UHAB has a poor reputation for promoting networking amongst its co-operatives and with outside co-operatives, which leaves them vulnerable and closed off from broader discussion.

The NYC co-ops think of the co-op in a solely business mode of thinking. Positive in that people in the US are able to relate to it and understand it as an investment; however this undermines the more radical aspects of the theory of co-operation, such as community control versus government centralism and invasive capitalism (eg gentrification). Doris Spencers commented on educating

shareholders, saying: "I want people to understand what they are part of...what that [being a co-operator] really means"; is this not also about defining what co-operation's broader aims are? Neither organisation is active in discourse about the future of co-operatives in NYC and its broader political and cultural aims. The Coops of the 1920's were a closer model of activist co-operation with bottom-up management, self-financed without government assistance and interference, and actively involved in the broader political debate. Ed Yaker argued that politics was a major factor in the failure of the Coops, but it can be argued that it was purely financial luck that the AHC was the one co-op to survive the Depression, as suggested by Howard Kaplan in the AHC handbook: "We can only conjecture as to whether the Amalgamated would have succumbed to such a fate [foreclosure] had not the 1926 law offered itself as a means to save substantially on taxes..."[4]. Both movements come from revolutionary backgrounds but neither preach radical departures from a responsible capitalism. In providing "too good a deal" in a capitalist environment without promoting the ideological underpinnings, provides a cheap ride for many and makes co-operatives vulnerable when gentrification arrives and provides lucrative money-for-nothing. Gentrification has claimed most co-ops in the Downtown Manhattan area. Some Harlem activists fear their own rehabilitation efforts could spark gentrification in their area, but Margaret McNeil, who works with low-income co-operatives, believes that co-ops are "insurance against gentrification when it takes off"[5]. However, we don't know enough yet. With the Amalgamated in North Bronx, too far from Manhattan to feel much pressure from developers and UHAB's co-ops in Harlem, experiencing the beginning of gentrification, both organisations have yet to investigate strategies to combat it.

The idea of shares accruing value came as a surprise. Whereas at Sanford Housing Co-operative in the UK, a 1 GBP (\$1.50) share is issued on becoming a member; this is merely to seal a legal contract. However, in the NYC co-ops, shares gather value. Shares sold for profit (even if small) still borrow from the capitalist idea of transactions. This can eventually become prohibitive to the most poor after some years. Oscar disagrees saying that if one has a good credit rating, one can obtain a loan. Learning from history, high value shares almost crippled the AHC during the Depression where they had to buy back shares from residents leaving, at full price for fear of devaluing its stock. If co-ops are to be accessible to all and a viable alternative to capitalism, shares should be a pepper-corn sum, with financial benefits coming from low rents and no drain on co-operative financial resources buying back shares.

Both organisations have "paid staff", in the broadest sense of the word, but also try promote shareholder involvement in running the co-op. Leavitt contradicts Oscar's experience when she states that, where the BoD took a management fee there were "more internal conflicts and disputes about mismanagement." [3]. If one of the roles of the housing co-operative is to teach personal responsibility and create the "web effect", where work and responsibility is distributed amongst the 100 shareholders instead of 10 out of the 100 shareholders, then paid staff and management fees provide a crutch that shareholders can use to justify not taking part. The savings from housing co-operatives comes from management and basic maintenance done by its shareholders. If all shareholders benefit from this, should not all shareholders do their bit? Participation is something that effects all co-ops, but with more co-ops working on strategies to increase involvement, the more likely we are to see brave new ideas and breakthroughs.

Both organisations have websites but both websites are currently static tools for displaying information; there are no interactive features, discussion boards or facilities. By moving with technology and adopting dynamic web ideas, these websites could spread their information further, build better communications and networks, aid and facilitate discussions, for both shareholders and outside groups.

Housing co-ops have made a positive contribution to many thousands in NYC (One leader called his co-op in the South Bronx "a piece of heaven in hell"[3]) and Plunz calls the 1920's communities "...a vision of incredible dimensions"[1], inspiring and utopian. Housing co-ops still have a long way to go to become a recognisable, mainstream alternative to the rental apartment. Housing co-operatives must become active and activists in their broader social context, less

introspective and more relevant, if they intend to make a real difference to those living within and outside their walls. Both organisations interviewed have survived for long periods, been successful and have positively influenced many people. We can only hope that they continue the legacy of their founders and build a stronger co-operative foundation for future generations.

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